

§ 58-57-20. Term; termination prior to scheduled maturity.

Except as otherwise provided in this section, the term of any credit life insurance or credit accident and health insurance shall, subject to acceptance by the insurer, commence on the date when the debtor becomes obligated to the creditor, except that, where a group policy provides coverage with respect to existing obligations, the insurance on a debtor with respect to such indebtedness shall commence on the effective date of the policy. For credit insurance offered to the debtor subsequent to the date the debtor becomes obligated to the creditor, the term of the insurance shall, subject to the acceptance by the insurer, commence not more than 30 days following the insurer's receipt of the debtor's request for the insurance. The term of such insurance shall not extend more than 15 days beyond the maturity date of the indebtedness or final installment thereof; but the term of the insurance may be less than the term of the indebtedness to provide truncated coverage in connection with transactions having initial terms of more than 60 months or consistent with any age or other termination provisions contained in the policy. If the indebtedness is discharged due to prepayment, the insurance in force shall be terminated unless otherwise requested by the insured in writing. If the indebtedness is discharged due to renewal or refinancing prior to such maturity date, the insurance in force shall be terminated before any new insurance may be issued in connection with the renewed or refinanced indebtedness. In all cases of termination prior to scheduled maturity, a refund shall be paid or credited as provided in G.S. 58-57-50. (1975, c. 660, s. 1; 1991, c. 720, s. 30; 1993, c. 226, s. 4.)